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12 June 1952

THRU : AD/RR
By) Chief, D/A

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Mr. Bohlen's Memorandum of 27 May to [REDACTED] on the Preclusive Buying Program

This office contributed intelligence support to the Preclusive Buying Working Group mentioned in the opening paragraph on Background and from an intelligence viewpoint is in general agreement with the memorandum from the State member of the Senior NSC Staff.

It is suggested that the last paragraph beginning on page 2 be deleted. The statement that "we do not know as much about the import dependence and the requirements of the Soviet Bloc as we knew about Germany and Japan during the last war" is open to some qualification. It is true that the overt information available as to Germany and Japan prior to the outbreak of war was far greater than that available today as to the Soviet Union. On the other hand, prior to the outbreak of World War II the economic research and analysis as to the capabilities and vulnerabilities of Germany and Japan was very slight as compared with the amount of economic research and analysis of the Soviet Bloc that has been conducted in the past few years by various government agencies and private organizations under government sponsorship. Furthermore, if this paragraph is retained, it should be made clear that it is intended to consider the present situation in contrast to all-out war. Accordingly, it is suggested that the third sentence in this paragraph be amended to read "except as to the Korean conflict, we are not in a position at this time to employ such measures as naval blockade and ship warrant systems, etc."

The first paragraph on page 3 regarding the coordination of procurement and preclusive buying programs is especially important. On the positive side it might be pointed out also that the objective of pre-emption might be combined with our procurement in certain commodities, e.g., copper and tin. In such cases, where our own reserves are non-existent or marginal, the procurement program would have the double objective of insuring our own supply and pre-empting that available to the Soviet Bloc.

On page 9 of the Appendix, in the third paragraph, it is suggested that the first two sentences and the first four words of the third sentence be deleted. The paragraph would then begin with "Analysis and research on such a vast scale", etc. This suggestion is made in view of the recent comments of the Director of Central Intelligence on the criticism of intelligence in the Fourth Progress Report on NSC 104/2. Furthermore, this paragraph, as now written, seems inconsistent with the catalogue of studies cited in Sections I, II, and III of the Appendix.

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It is suggested that paragraph (3) on page 10 of the Appendix be deleted. It is now out of date; furthermore, the approach proposed is inconsistent with the approach recommended by Mr. Bohlen on page 4.

In general, preclusive buying is a useful measure only in situations (a) where it is combined with an agreement to limit production and to prohibit export to an enemy or potential enemy and (b) in nopping up individual non-recurring pockets or strategic material which cannot otherwise be denied to the enemy. The experience of World War II shows that "a general program" of preclusive buying defeats its purpose by stimulating an increase in production of otherwise uncontrolled supplies available to the enemy.

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